

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 01-0176P**

Gross and Adjusted Gross Income Tax

Fiscal Years Ended 01/28/96, 02/02/97, and 02/01/98

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**ISSUE(S)**

I. **Tax Administration**—Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer is incorporated in Georgia and has four Indiana business locations. Upon audit it was discovered that the taxpayer made various errors in preparing its income tax returns such as the failure to report income at the correct rate of gross income tax, failure to report sales of Indiana real estate, to correctly apportion sales, property and payroll factors, and failing to addback real and personal property tax for the year of 1/28/96 as is required by 45 IAC 3.1-1-8. Although estimated payments were made for fiscal year 1997, taxpayer failed to file an income tax return. Other errors are also noted.

Taxpayer protests the penalty and states that it had retained the services of an outside accounting firm to prepare the company's tax returns prior to the 1999 filing. Taxpayer further states that the company is still new to the issues that were handled by the outside accounting firm in prior years. Taxpayer requests that all penalties associated with the taxes due be waived or abated.

I. **Tax Administration**—Penalty

**DISCUSSION**

Taxpayer was assessed a negligence penalty for failure to correctly report receipts in gross income, various errors in the apportionment factor, failure to addback property taxes, and failure

to file an income tax return for the period 02/02/97.

Taxpayer, in a letter dated June 25, 2001, protested penalties assessed because it had retained the services of an outside accounting firm to prepare the company's tax returns and, in the more recent years, the company had people dedicated to the filing responsibilities of state taxes. Taxpayer further states that it is still new to the issues that were handled by the outside accounting firm in prior years.

Taxpayer had an outside accounting firm that made errors in various areas of its tax return that should have been verified before filing. Taxpayer has not provided reasonable cause to allow the department to waive the negligence penalty.

**FINDING**

Taxpayer's protest is denied.